



TEXAS MUNICIPAL RETIREMENT SYSTEM

EXECUTIVE DIRECTOR

POSITION SPECIFICATIONS

CLIENT

Our client is the Texas Municipal Retirement System (TMRS or the System). Created by law in 1947, TMRS is a statewide agent multiple-employer public employee retirement system providing retirement, disability, and death benefits to employees of participating cities. It is the mission of TMRS to deliver secure and competitive retirement plans through a professionally managed organization that anticipates diverse needs; provides quality services; and openly and effectively communicates with members, retirees, and cities.

TMRS is administered in accordance with the Texas Municipal Retirement System Act (Texas Government Code, Title 8, Subtitle G). The System is a hybrid plan, with elements of both a defined benefit and a defined contribution plan. Each TMRS participating city has its own retirement plan within the general framework of the Act. Provisions may vary from city to city, depending upon the options selected by that individual municipality. Employees of participating cities are required to contribute a percentage of their compensation to TMRS (5, 6, or 7%, as elected by the city); the city matches that contribution at a rate of 1:1, 1.5:1 or 2:1 as elected by the city. Contributions are invested by TMRS and interest is credited to the employee's account. Legislation in 2009 amended the TMRS Act to guarantee a minimum annual 5% interest credit to members' accounts. The detailed provisions of TMRS are highly complex, and in some aspects, differ significantly from other public employee DB plans.

TMRS Highlights					
	2008	2007	2006	2005	2004
Employee Accounts	139,488	134,885	132,927	127,960	124,638
New Employee Members	15,942	16,419	15,476	14,092	13,212
Retired Members	34,123	32,143	30,089	27,363	25,505
New Retirements	2,574	2,534	2,517	2,345	2,251
Payments to Retirees	\$648.0M	\$596.2M	\$554.8M	\$515.1M	\$472.4M
Total Cities	833	827	821	811	802

TMRS currently employs a staff of 78.

The TMRS Act provides that the administration of TMRS is entrusted to a six-member Board of Trustees, appointed by the Governor with the advice and consent of the Senate. Three Trustees are "Executive Trustees" who are chief executive officers, chief finance officers, or other officers, executives or department heads of participating municipalities. Three Trustees are "Employee Trustees" who are employees of participating municipalities. As part of its strategic planning process begun in 2007, the TMRS Board set a goal to establish effective and appropriate Board governance policies. Substantial work has been accomplished toward this goal, including creating a position description for Board members, redesigning and implementing a Board self-evaluation process, establishing a strategic planning policy, creating a secure and useful Board member portal on the TMRS website, creating a Board member education policy, training Audit and Investment Committee members, establishing an internal audit function with reporting lines to the Audit Committee, and formalizing legislative philosophy and policy. All of these actions indicate the seriousness with which TMRS Board members' view their roles and commitment to effective governance of TMRS.

INVESTMENT INFORMATION

TMRS investments are managed to ensure that members, retirees, and beneficiaries are provided with the benefits they have been promised by their employers at a reasonable and predictable cost to the employers. Assets will be invested for total return with appropriate consideration for portfolio volatility (risk) and liquidity. Emphasis should be on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS. Total return includes dividends, interest, and realized and unrealized capital appreciation.

Investments are made with the degree of judgment and care, under the circumstances, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, considering the probable income from the securities and probable safety of their capital and in consideration of the purposes, terms, distribution requirements and other circumstances of the TMRS fund. Investment and management decisions respecting individual assets will be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund.

The Board of Trustees in November 2007 approved the diversification of the System's assets from its predominately fixed income portfolio, beginning with dollar-cost-averaged commitments of 1% per month into equity index funds. In January 2008, TMRS began the process of diversifying its investments portfolio to protect against the risk of having a portfolio 100% in fixed income securities and, over time, to earn higher returns. The Board approved an initial allocation of 12% of the portfolio to equities by year-end 2008, which would continue to allow for a total portfolio yield in excess of 5% as currently required for interest credits. For much of its history, TMRS has invested primarily in fixed income securities (including U.S. government, high-quality corporate, and U.S. government agency bonds). This investment strategy provided a predictable annual income stream with minimal risk. However, as the yield on U.S. Treasury bonds has declined to levels below 5%, the lowest level in many years, the ability of the portfolio to deliver a satisfactory level of income from high-quality bond investments has declined. Legislation was enacted during the 2009 legislative session that provides for

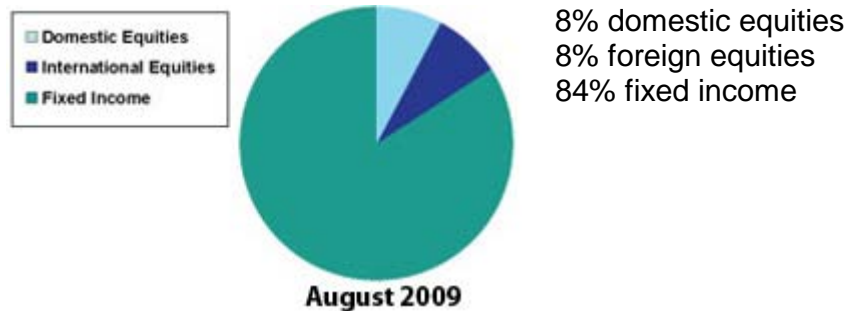
further diversification of the portfolio by allowing interest credits to be based on a total rate of return.

The Board selected Northern Trust as its equity index fund manager through commingled equity index funds replicating the Russell 3000 Index for domestic equities and the MSCI-EAFE Index for International equities. TMRS invested gradually – by dollar-cost averaging into the market – and by the year end, the funds equity investments represented 12% of the total portfolio. The initial move into equities, half in U.S. stocks and half in foreign stocks, was invested passively in index funds, a lower-cost approach.

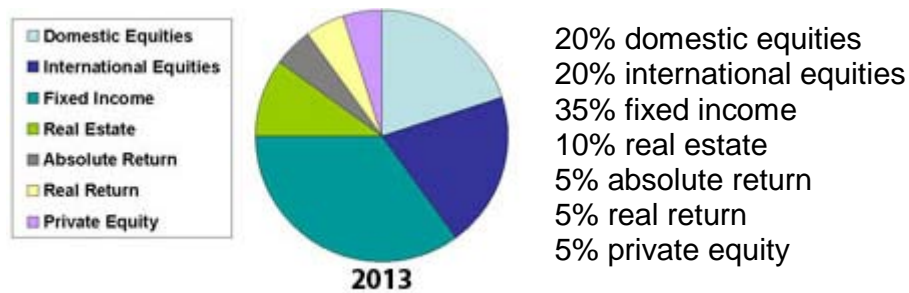
In early 2008, TMRS hired BlackRock Financial Management to assist in the management of the fixed income portfolio. In May 2008, BlackRock began to restructure the fixed income portfolio, with the initial goal of reducing the duration of the portfolio while maintaining a yield in excess of 5%. By year end, the duration of the fixed income portfolio had been reduced to 7.4 years with a yield to maturity of 5.9%.

At the end of its fiscal year, December 31, 2008, the TMRS retirement fund was valued at \$14.6 billion. Net investment loss totaled (\$261.0) million for 2008, which is net of unrealized depreciation on the portfolio of (\$1.0 billion).

As of August 2009, TMRS investments are allocated between fixed income and equity investments as shown below:



The August 31, 2009 performance report can be viewed by following this link: <http://www.tmr.org/down/investments/Performance%20Report%208-31-09.pdf>. In **June 2009**, the Board adopted an Investment Policy that reflects the change from an income to a total return objective and approved a strategic asset allocation policy that fully diversifies the investment portfolio, with plans to implement the allocation over a 5-year period. The long-term asset allocation target is:



TMRS will make a gradual, deliberate, and prudent transition from its current asset allocation, focused on managing risk while improving the potential for future returns.

ACTUARIAL INFORMATION

As required by statute, TMRS obtains an annual actuarial valuation for each participating municipality. The actuarial valuation performed December 31, 2007 inaugurated the System's change to the Projected Unit Credit actuarial cost method from the previously used Unit Credit method. Experience with cities' utilization of the annually repeating benefit features of TMRS led the Board to the conclusion that Projected Unit Credit was a more appropriate method of recognizing the liabilities associated with future years' cost-of-living adjustments and Updated Service Credit. As of December 31, 2008, TMRS as a whole was 74.4% funded. This funded ratio increased from 73.7% in the prior year.

The change to Projected Unit Credit caused significant contribution increases (beginning with the January 2009 contribution rate) for many cities that had adopted annually repeating benefits. Cities that experienced a rate increase of 0.50% or more in their contribution rate, due to the change in actuarial cost method and assumption changes were given the opportunity to phase-in the increase over an eight-year period.

For more information about TRMS, please visit the website at www.tmr.org. The 2008 comprehensive annual financial report can be found on TMRS' website (<http://www.tmr.org/publications.php>).

LOCATION

TMRS is located in downtown Austin, Texas, the state capital and home of the University of Texas. The Austin area is a metropolitan region of 1.5 million people with a highly trained workforce, renowned quality of life, moderate cost environment, and vast experience in technology, manufacturing and research and development. Austin is a legendary, lively city and a great place to live. The five-county region is known for its Hill Country scenery, historic communities and laid-back lifestyle. Relevant web sites that provide meaningful information about the region are as follows:

- City of Austin, Texas www.ci.austin.tx.us
- Greater Austin Chamber of Commerce www.austin-chamber.org
- Austin American-Statesman www.statesman.com

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- University of Texas www.utexas.edu
- Visit Austin www.austintexas.org/visitors/about_austin

RESPONSIBILITIES

The Executive Director serves as the Chief Executive Officer of TMRS. Reporting to the Board of Trustees, the Executive Director is responsible for all aspects of the System's operations and oversight of its investments. The Executive Director operates the System in compliance with all applicable laws and in accordance with policies adopted by the Board of Trustees. Direct reports to the Executive Director include the Deputy Executive Director, the Director of Communications, the Director of Government Relations, the General Counsel, the Director of Internal Auditing, the Director of Human Resources, and the acting Chief Investment Officer.

Key areas of accountability include:

- Advises and consults with the Board of Trustees on all matters pertaining to the System; provides information, support and recommendations to the Board so that it can make knowledgeable, well-informed decisions
- Works with the Board to develop and update a strategic plan for the System; works with the staff in ongoing implementation and monitoring of the plan
- Acts as liaison between the Board, the staff, participating employers, employer and member organizations, State departments and agencies, and the legislature
- Plans, directs and manages all aspects of administrative operations
- Oversees management of the investment portfolio in concert with investment staff and consultants, including developing and recommending for Board approval investment policies and strategies
- Supervises and directs the System's executive staff, ensuring staff development and performance review at all levels
- Serves as chief spokesperson for the System with stakeholders; travels regularly to member cities to present information about activities of TMRS and foster closer working relationships
- Oversees communication efforts with all stakeholders of the System

EDUCATION AND EXPERIENCE

- Undergraduate degree from an accredited higher education institution in business, finance, economics or a related area; advanced degree is preferred
- Significant successful leadership experience in a complex public or private pension plan, financial services organization or government agency, including staff management and financial oversight
- Experience with the legislative process and elected officials
- Experience reporting to or working with a board of trustees
- Strong knowledge and understanding of investment management principles and theories
- Good knowledge and understanding of actuarial concepts and methods

PERSONAL CHARACTERISTICS

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- Confident and mature leadership skills
- The highest level of character and integrity
- Executive “presence” and strength of character
- Excellent interpersonal and relationship skills; the ability to deal with constituents at all levels, including the board, staff, elected officials, and members; keen insight into the “politics” of constituent relationships and the skills to deal with those in a way that engenders trust and confidence
- Outstanding communication skills, including the ability to translate complex information into understandable terms
- Commitment to achieving/maintaining a high-performing organization and a culture of transparency in dealing with constituents
- Collaborative management style; able to delegate and achieve results through a team, but able to make difficult decisions when needed
- Strong negotiation skills; the ability to bring diverse interests together
- A proactive, enthusiastic individual, with strong goal orientation
- Able to maintain the external focus needed by the Executive Director, while recognizing and dealing with internal management issues

COMPENSATION

Compensation will correspond to the experience level, credentials, and personal characteristics of the candidate, and will consist of an attractive base salary and TMRS’ excellent employee benefits package. Relocation expenses will be negotiated on an individual basis.

NON-DISCRIMINATION

Our client and EFL Associates firmly support the principle and philosophy of equal opportunity for all individuals, regardless of age, race, gender, creed, national origin, disability, veteran status or any other protected category pursuant to applicable federal, state or local law.

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